



February 12, 2004

Ms. Jean Gray
Assistant Regional Manager, Power Marketing
Western Area Power Administration
P.O. Box 6457
Phoenix, Arizona 85005-6457

Utilities Administration

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RE: Section 12 - Draft Amendment No.1 (Rev.2, 1.16.2004) to Contract No. 87-BCA-10085 between Western and Arizona Power Pooling Association / City of Mesa

Dear Ms. Gray:

The City of Mesa, as a member of the Arizona Power Pooling Association, supports the following language for Section 12, as proposed by the customer group:

"In addition to the provisions of Section 37 of the General Power Contract Provisions and notwithstanding any other provision of the contract to the contrary, Western's Administrator reserves the right to reexamine and adjust Western's firm electric service obligations under this contract as the Administrator deems reasonably appropriate, if, where applicable, the Contractor's contractual obligation to supply electricity to a preference entity or preference entities after execution of this contract amendment is materially diminished as a result of a change in the Contractor's status by reason of: (1) the Contractor's merger with another organization, (2) its acquisition of or being acquired by another organization, (3) its creating a new organizational entity from an existing one (4) joining or withdrawing from or contractually restructuring its membership in a membership-based power supply organization, or (5) if the Contractor is a membership-based power supply entity (such as a generation and transmission cooperative), terminating its contractual relationship with one or more members from its membership organization resulting in a significant reduction in remaining load measured against the criteria used by the Administrator in approving the Contractor's allocation."

The City of Mesa believes that this language addresses the ability for Western to respond to the various challenges that Western has identified in its meetings with its customers. In the event Western deems the language set forth above as not acceptable, then the City of Mesa recommends that Western utilize the relevant language from Western's CRSP contracts.

Sincerely,

David C. Plumb
Utilities Manager

DP:FM:dm

dp0488

640 North Mesa Drive
P.O. Box 1466
Mesa Arizona 85211-1466
480.644.2749 Tel
480.644.2768 Fax

